

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED;

AND IN THE MATTER OF
MAHALO ENERGY LTD.

PETITIONER

BEFORE THE HONOURABLE)
MADAM JUSTICE B.E. ROMAINE)
IN CHAMBERS)
AT THE CALGARY COURTS CENTRE)
IN THE CITY OF CALGARY, IN THE)
PROVINCE OF ALBERTA, ON THE 23rd)
DAY OF AUGUST, 2010.)

CREDITORS' MEETING ORDER

UPON the application of Mahalo Energy Ltd. ("Mahalo"), AND UPON having read the Initial Order granted by the Honourable Justice G.C. Hawco on May 22, 2009; AND UPON having read the subsequent Orders; AND UPON having read the Notice of Motion of Mahalo filed on August 18, 2010 (the "Creditors' Meeting Motion"); AND UPON having read the Affidavit of David Burton dated August 18, 2010 (the "Burton Affidavit"); AND UPON having read the Monitor's Ninth Report; AND UPON having heard submissions of counsel for Mahalo, the Lenders and the Monitor; AND UPON reference being made to the form of Plan of Arrangement attached as Schedule "B" to the Creditors' Meeting Motion (the "Plan"); AND UPON counsel for Mahalo and counsel for the Lenders each advising that their respective clients have approved the proposed Plan and wish to proceed with the meeting of Mahalo's creditors for their consideration and approval of the Plan; AND UPON this Court being satisfied that in the circumstances this Order should be granted and that Mahalo has acted and is acting in good faith and with due diligence; IT IS HEREBY ORDERED, ADJUDGED AND DECLARED THAT:

1. Service of the Creditors' Meeting Motion and the supporting materials is good and sufficient, and the time therefore is abridged to the time actually given.

DEFINITIONS

2. Capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Plan.

THE CCAA PLAN

3. The Plan is hereby accepted for filing, and Mahalo is hereby authorized to seek approval from the Affected Creditors of the Plan as set forth herein.
4. Mahalo may at any time, and from time to time, amend, restate, modify and/or supplement the Plan in accordance with its terms, provided that any such amendment, restatement, modification or supplement is contained in a written document filed with this Court and communicated to creditors in the manner required by the Plan or this Honourable Court.

FORMS AND DOCUMENTS

5. The form of Proxy substantially in the form attached to the Plan as Schedule "E" and the Notice to Creditors substantially in the form attached to the Burton Affidavit as Exhibit "A", are hereby approved, and Mahalo is authorized and directed to make such changes thereto as it considers necessary or desirable to conform the content thereof to the terms of the Plan or Creditors' Meeting Order.

CREDITORS' MEETING

6. Mahalo shall convene the Creditors' Meeting of Affected Creditors on September 15, 2010 at the offices of Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9 commencing at 10:00 a.m. for the purposes of considering and, if thought fit, approving the Plan and transacting such other business as may be properly brought before the Creditors' Meeting.
7. The Creditors' Meeting shall be conducted by a representative of the Monitor who shall preside as Chair of the Creditors' Meeting. The Creditors' Meeting shall be conducted in accordance with the procedures set forth in the Plan.


8. For the purposes of voting to approve the Plan there shall be two (2) classes of Affected Creditors, being (i) the Unsecured Creditors and (ii) the Lenders, and the amount of an Affected Creditors' Claim Value shall be established in accordance with the provisions of the Claims Procedure Order and the Plan, and any further order of this Honourable Court.
9. The Creditors' Meeting shall be called, held and conducted, and the Plan shall be voted upon and, if approved by the Affected Creditors, ratified and given full force and affect, in accordance with the provisions of this Creditors' Meeting Order, the Claims Procedure Order, the Plan, the CCAA and any further Order of this Honourable Court, notwithstanding the provisions of any agreement or other instrument to the contrary.
10. The Creditors' Meeting shall be conducted and the votes of Affected Creditors shall be cast and tabulated in accordance with the Plan.

NOTICE TO AFFECTED PARTIES

11. As soon as practicable, but no later than August 25, 2010, the Monitor shall send to each Eligible Voting Affected Creditor by ordinary mail, courier, facsimile, or e-mail at the address appearing on such Creditor's Notice of Claim or such other address subsequently provided to the Monitor by such Creditor, (i) a letter referring the Creditor to the Monitor's website, (ii) the Notice of Meeting and (iii) the Proxy.
12. The Monitor shall post on its website the following documents (collectively the "Creditors' Meeting Materials"):
 - (a) this Order;
 - (b) the Plan including any amendments;
 - (c) the Notice of Meeting;
 - (d) the Proxy;

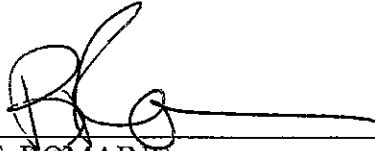
- (e) a report of the Monitor commenting on the Plan and containing the Monitor's recommendations; and
 - (f) the Plan Summary.
13. Compliance with paragraphs 11 and 12 of this Order shall constitute good and sufficient service of this Order and the other Creditors' Meeting Materials on all Persons who may be entitled to receive notice of and to vote in person or by proxy at the Creditors' Meeting or any adjournment thereof and no other notice or service need be given or made and no other documents or material need be served.
14. Upon compliance with paragraphs 11 and 12 of this Order, each of the Eligible Unsecured Creditors shall be deemed to acknowledge that Mahalo, pursuant to the Plan Summary, has provided written notice to it, and acknowledges and consents, that:
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- (a) all of the shares and other securities in the capital of Mahalo, including the Class A Shares and the Class B Shares to be issued in connection with the implementation of the Plan, will remain subject to the Cease Trade Orders (as defined in the Plan Summary);
 - (b) the granting of the Partial Revocation Orders does not guarantee the issuance of a full revocation of the cease trade orders in the future; and
 - (c) Mahalo has sought orders from the relevant Canadian securities commissions to cease to be a reporting issuer in all provinces of Canada in which it is currently a reporting issuer.

SANCTION ORDER

15. Provided the creditors of Mahalo vote in favour of the Plan in the requisite numbers and values, Mahalo's application for the Sanction Order will be held following the Creditor's Meeting, on September 16, 2010 at 1:15 p.m. 

GENERAL

16. The Monitor shall promptly cause the Monitor's Report on the Plan to be filed, posted on the Monitor's website and served on the parties listed in the Service List.
17. Mahalo shall serve, by courier, telecopy or e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or appear on the service list established in these proceedings.



B.E. ROMAINE
J.C.Q.B.A.

ENTERED this 23rd day of August, 2010.

K. MCAUSLAND



Clerk of the Court

No: 0901-07221

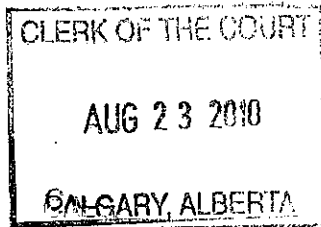
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ORDER

BURNET, DUCKWORTH & PALMER LLP
Barristers & Solicitors
1400, 350 – 7 Avenue S.W.
Calgary, Alberta
T2P 3N9



Attention: Trevor Batty
Telephone: (403) 260-0263
Fax: (403) 260-0332

File No.: 60470-42